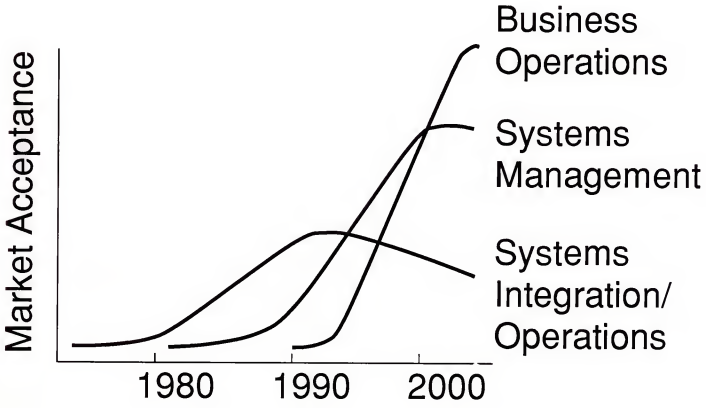
Outsourcing Market Waves



Strategies for Dealing with Revolution in the IT Industry

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Peter Lines

Managing Director
INPUT—Europe

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The Computer Industry in the 1990s

Technology Revolutions
+
Organizational Evolutions
=
All the rules have changed

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European Client/Server Markets

- Software product brand leaders scale up
- Open competition for client/server projects
- Transition costs fuel outsourcing

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Atomization of the Customer Environment

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IS Environment

"Old" Traditional	"New" Downsized
Mainframe	Client/server
Shared	Dedicated
Remote	Local
IS operated	User operated

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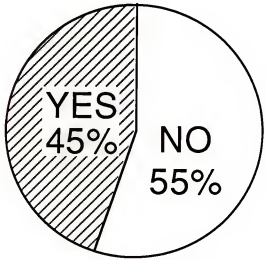
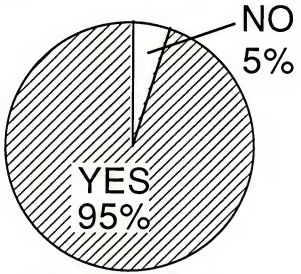
European Client/Server Implementation Plans



Currently implementing



Within next 2 years

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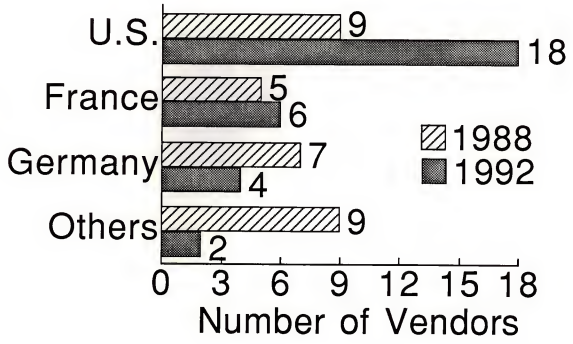
Top 30 Software Product Vendors Europe



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Work Migration

- 1970s/1980s—Physical work relocation
  - Container/transportation revolution
  - Process automation
  - Training automation
- 1990s/2000s—Intellectual work relocation
  - Network infrastructure
  - Electronic representation
- Other historic analogs

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Re-engineering the Organization

- Slow
- Not driven by IS
- Must have outside agency
- Must include IT

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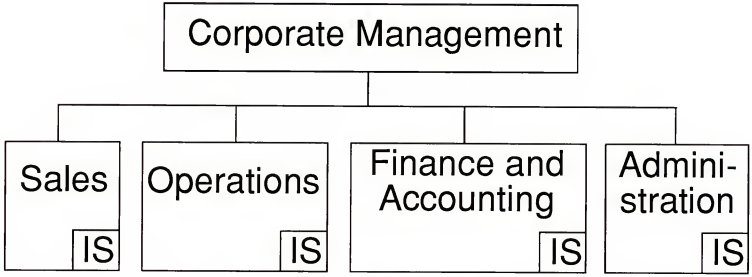
Organizational Position of IS Unit Future



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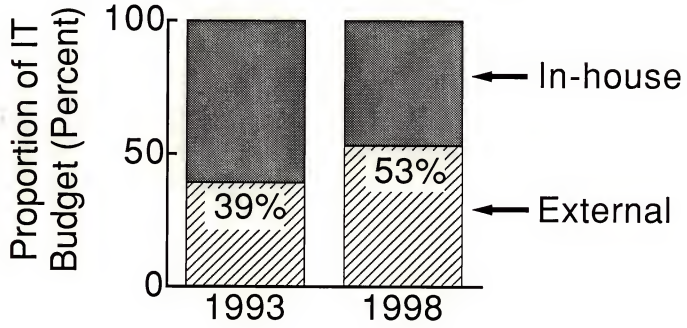
European IT Spending Changes



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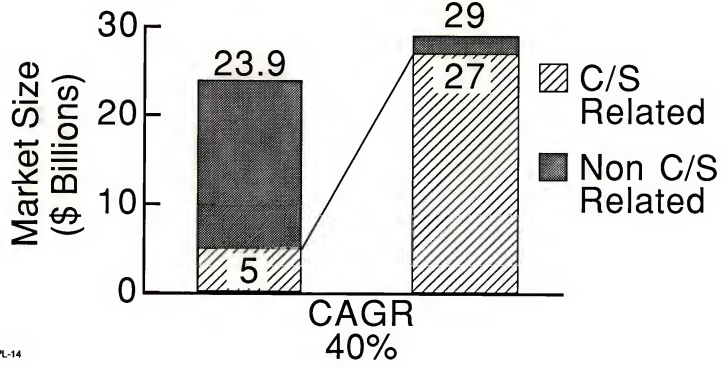
European Professional Services Market



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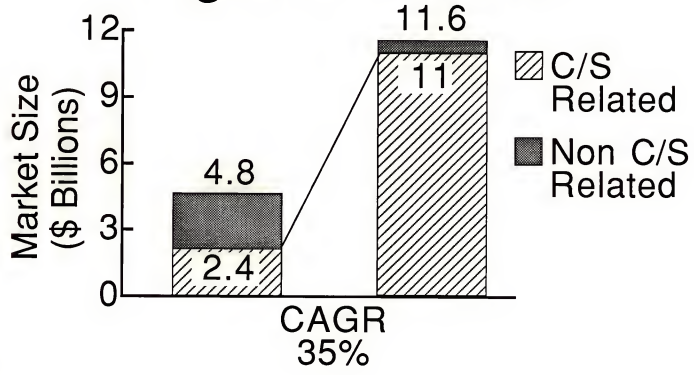
European Systems Integration Market



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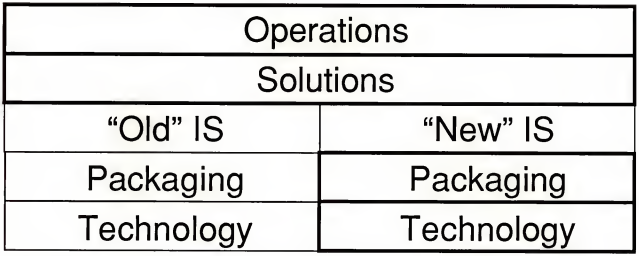
Industry Structure and IS Revolution



Successful segments

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User's Needs

- Results
- Solutions and tools
- Vendor responsibility
- Global/local support
- Understanding of business
- Simplified decisions

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Transition Management

- Requires outsourcer as agent of change
- Transition difficult to accomplish
- Transition takes time
- Dual operational environments required

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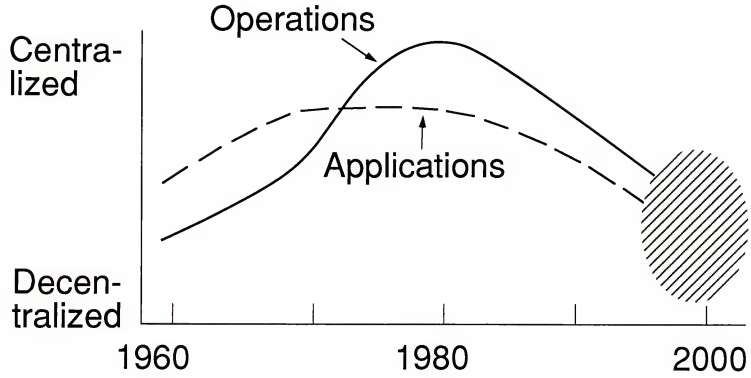
IT Trends



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Changing Management Requirements

Data center mgt.	→	Distributed network mgt.
Defacto IBM stds.	→	Heterogeneous stds.
Centralized dev.	→	Decentralized dev.
Centralized support	→	Distributed support
Cobol based sys.	→	New dev. environments

... Are users ready?

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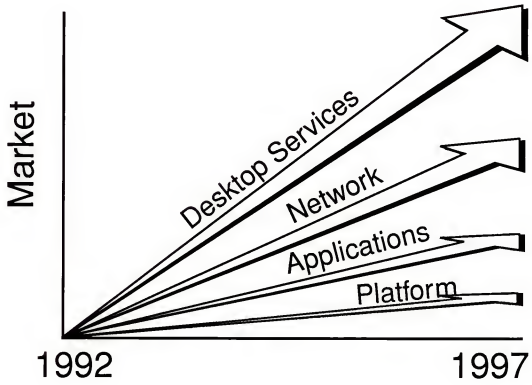
Changing Outsourcing Options



OU-104

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Drivers to Desktop Services

- Whole environment is new and complex
- IS departments lack skills, coverage and inclination
- Users lack skills and inclination
- Third parties are acceptable

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Applications Management

Contracted management of development and maintenance of a set of applications

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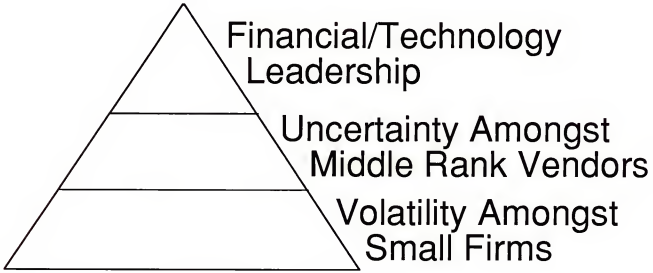
European Info. Services Industry Structure



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Successful Vendors

- Knowledge-based
- Network-based
- Low cost - continual improvement
- Low price - continual improvement
- Channel independent

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Competing in a Revolution

What used to work
doesn't work now!

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Peter Lines

Managing Director
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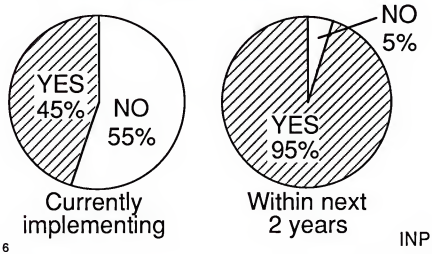
European Client/Server Implementation Plans



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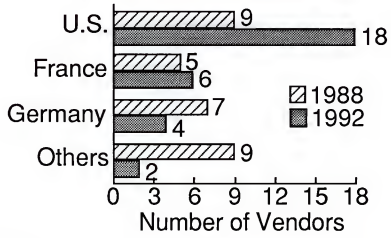

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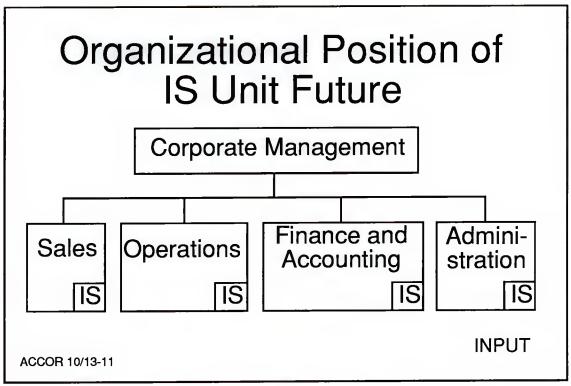

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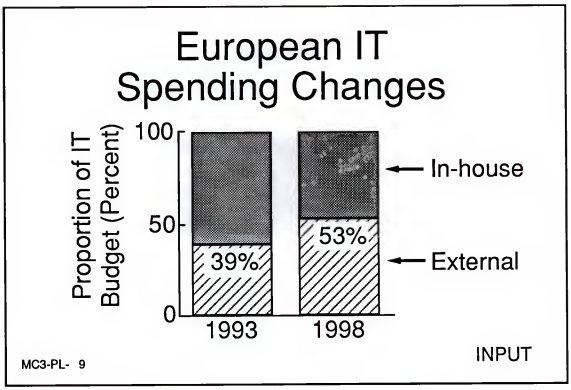

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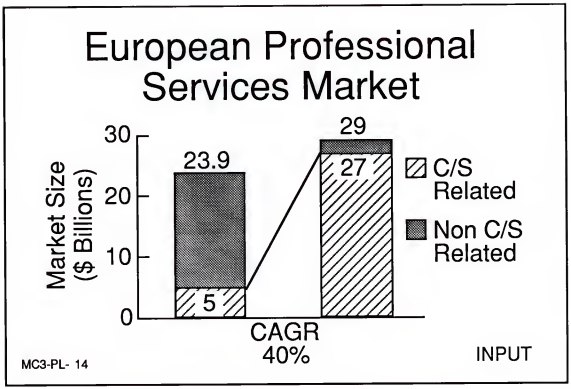

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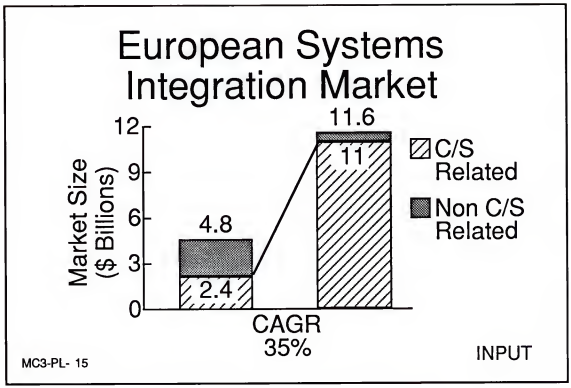

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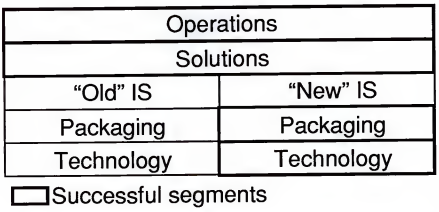

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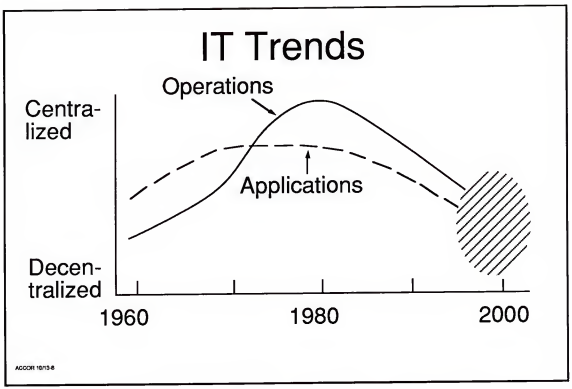

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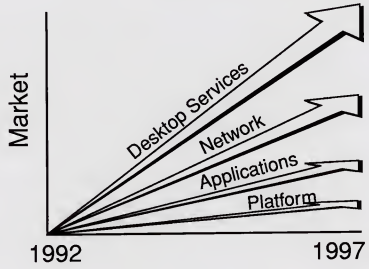

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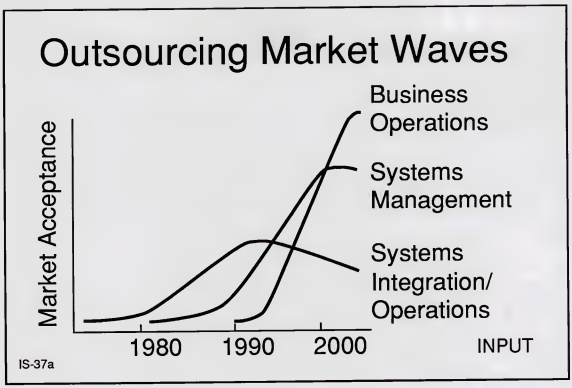

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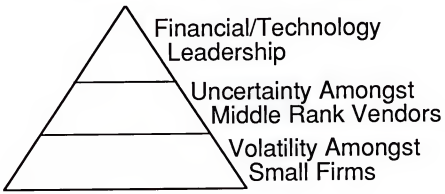

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What used to work doesn't work now!

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